



**Avista Corp.**  
1411 East Mission P.O. Box 3727  
Spokane, Washington 99220-0500  
Telephone 509-489-0500  
Toll Free 800-727-9170

RECEIVED  
2020 MAY 20 AM 11:40  
IDAHO PUBLIC  
UTILITIES COMMISSION

May 20, 2020

Diane Hanian, Commission Secretary  
Idaho Public Utilities Commission  
P O Box 83720  
Boise, ID 83720-0074

RE: GNR-U-20-03 Reply Comments of Avista Corporation for an Accounting Order Authorizing Deferred Accounting of Incremental Costs Associated with the COVID-19 Public Health Emergency.

Dear Ms. Hanian:

Attached for electronic filing in the above matter is Avista's Reply Comments relating to an Accounting Order Authorizing Deferred Accounting Treatment of Incremental Costs Related to the COVID-19 Public Health Emergency.

Please direct any questions on this matter to Elizabeth Andrews at (509) 495-8601 or myself at (509) 495-8620.

Sincerely,

A handwritten signature in black ink, which appears to read "Patrick Ehrbar". The signature is fluid and cursive, written over a white background.

Patrick Ehrbar  
Director of Regulatory Affairs  
Avista Utilities  
[pat.ehrbar@avistacorp.com](mailto:pat.ehrbar@avistacorp.com)  
509-495-8620

Enclosures

DAVID J. MEYER  
VICE PRESIDENT AND CHIEF COUNSEL FOR  
REGULATORY AND GOVERNMENTAL AFFAIRS  
AVISTA CORPORATION  
P.O. BOX 3727  
1411 EAST MISSION AVENUE  
SPOKANE, WASHINGTON 99220-3727  
TELEPHONE: (509) 495-4316  
[david.meyer@avistacorp.com](mailto:david.meyer@avistacorp.com)

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF	)	
AVISTA CORPORATION, D/B/A AVISTA	)	CASE NO. GNR-U-20-03
UTILITIES, FOR AN ACCOUNTING ORDER	)	
AUTHORIZING DEFERRED ACCOUNTING	)	REPLY COMMENTS OF
OF INCREMENTAL COSTS ASSOCIATED	)	OF AVISTA
WITH THE COVID-19 PUBLIC HEALTH	)	
EMERGENCY	)	

---

**I. INTRODUCTION**

Avista Corporation, doing business as Avista Utilities (hereinafter “Avista” or “Company”), submits these Reply Comments regarding comments submitted by the Staff of the Idaho Public Utilities Commission (“Staff”) and the Idaho Conservation League (“ICL”) on the consolidated Applications for a deferred accounting order for incremental costs associated with the COVID-19 public health emergency.

**II. BACKGROUND**

On March 13, 2020, Idaho Governor Brad Little issued a Proclamation declaring a state of emergency and providing directives to combat the spread of SARS-CoV-2 (“COVID-19”), to provide essential services and limit public exposure (the “Emergency”).

Thereafter, several Idaho public utilities — including Avista Corporation, Falls Water Company (“Falls Water”), Gem State Water Company (“Gem State”), Idaho Power Company (“Idaho Power”), and PacifiCorp dba Rocky Mountain Power’s (“PacifiCorp”) — applied to the Commission for orders authorizing them to account for certain unanticipated, emergency-related expenses by booking them as regulatory assets for possible recovery through rates that would be set in future proceedings. The utilities do not seek to increase rates at this time. See Case Nos. AVU-E-20-03 and AVU-G-20-03 (Avista electric and gas expenses); FLS-W-20-02 (Falls Water); GSW-W-20-01 (Gem State); IPC-E-20-19 (Idaho Power), and PAC-E-20-04 (PacifiCorp). Given the emergency and the similarities in the utilities’ applications for an accounting order to address emergency-related costs (collectively, the “Application”), Commission Staff recommended the Commission consolidate the above-cited cases into a general docket to address whether and to what extent the utilities should be authorized to defer incremental emergency-related expenses in a regulatory asset account for possible future recovery. Staff recommended the docket be processed by Modified Procedure. The Commission then decided to open this generic proceeding and consolidate the above-cited cases for purposes of issuing a single order that would apply to each of the utilities that had filed an application.

Staff supports the deferral of emergency-related costs for recovery in a future proceeding by the utilities, given the unprecedented nature of the emergency and because the incremental costs were not anticipated when the Commission set the utilities’ revenue requirement and base rates. ICL acknowledges the costs incurred by the utilities may become significant and recommends the Commission begin considering novel methods to

allow utilities to recoup these costs while mitigating impact to utility customers. Avista appreciates these comments and generally agrees with most of the comments. Avista submits these reply comments to Staff's and ICL's comments.

### **III. AVISTA'S REPLY COMMENTS**

#### **A. Staff supports PacifiCorp's proposal to use 2019 bad debt expense as a baseline and any excess write-offs would be deferred.**

Although the use of 2019 is a reasonable solution for some utilities, Avista believes the authorized level of bad debt expense that was set in its most recent general rate case would be a more appropriate level for Avista. Electric customers' rates were set in AVU-E-19-04, effective December 1, 2019; and natural gas customers' rates were set in AVU-G-17-01, effective January 1, 2018. The bad debt expense used in these cases have been audited by Staff and other parties, and perhaps more importantly represents the amounts currently being recovered from customers in base rates today.<sup>1</sup>

#### **B. Staff supports the deferral of prudently incurred additional O&M costs incurred to protect health and safety of utility employees, including personal protective equipment, sanitizer, cleaning supplies and additional hardware/software and other equipment not capitalized to allow employees to work from home.**

---

<sup>1</sup> This is a similar approach to that used in 2018 related to Case No. GNR-U-18-01 (Impact of Federal Tax Code Revisions on Utility Costs and Ratemaking – Tax Code and Jobs Act (“TCJA”)). Although the Commission had sought the level of TCJA refund using 2017 historical balances, Avista proposed to base any refunds to customers on the Company's most recent general rate case information for the rate effective period January 1, 2018 through December 31, 2018. This approach was agreed to by the Parties in that proceeding, and approved by the Commission.

Avista will incur additional incremental costs other than those costs described by Staff in its comments that were not anticipated when the Commission set the utilities' revenue requirement and base rates in its last general rate cases. Some of these costs, for example, are additional financing costs for debt that has been incurred to finance the higher level of accounts receivable the utility will likely carry due to delayed customer payments, additional O&M labor costs due to employees that could not work on capital projects having those costs recorded as O&M costs, and other costs that cannot be reasonably determined at this point. Avista believes the Commission should not limit the type of costs incurred that can be deferred at this time, given that this proceeding is related just to the deferral of costs (and benefits), and not the recovery nor prudence of such costs. Rather, the Commission can perform a review after the fact, based on each utility's support of its costs, before approving recovery. As such, Avista respectfully requests that it be allowed to include all costs that we believe are related to COVID-19, and then later the Commission can determine whether some or all of those deferred costs can be recovered.

**C. Staff supports utilities using the 2019 level of late fees as a baseline to estimate approved level of late fees.**

For Avista in particular, the Company believes that the level of late fees revenues should be based on the level currently authorized in customers' rates, similar to the proposal for bad debt expense described above.

**D. Staff opposes any mechanism that would allow utilities to collect lost revenue from customers whose operation have been shut down.**

In our original Application, Avista (like Idaho Power) requested to defer lost revenue from customers not tracked in our Fixed Cost Adjustment mechanisms. While we understand Staff's views on this issue in particular, the Company respectfully requests that these lost revenues, if any, be tracked (just like costs and other benefits), knowing that the ultimate prudence of such lost revenue (if any) would be reviewed for recovery in a subsequent proceeding.

**E. ICL encourages utilities to streamline access to customer assistance and conservation programs.**

Avista appreciates ICL's comments related to helping keep our customers connected during this pandemic. We recognize that the impacts of COVID-19 will be felt far and wide and are still unfolding. While no one can predict the extent of the COVID-19 situation and its impact, we're continuing to adapt and are committed to serving our customers well during this uncertain time. We know a growing number of our customers are hurting and struggling to make ends meet. We are here for them and want to support them. We listen to each unique situation and work to identify ways to ease the burden.

We are also aware that as we all spend more time at home, we may have higher energy usage, which can lead to higher bills. As we've worked to identify immediate and near-term opportunities to support our customers and communities, we know this work is not done. Along with other utilities and businesses across the region and country, we

continue to plan for the future, what it might look like and how we can best serve our customers. In the meantime, our website - <https://myavista.com/safety/covid-19-response> - provides all of the latest information related to energy efficiency, payment arrangements, payment assistance, and Avista's ongoing operational efforts during this difficult time.

**F. ICL recommends Commission and utilities consider using the Energy Costs Recovery Bond process (Idaho Code 61-1501) and recommends long amortization period to recover the prudently incurred expenses.**

As it relates to the use of Energy Cost Bonds referenced by ICL, while Avista appreciates the creative thinking, we do not believe that this situation warrants the use of such instruments. First, Avista has the necessary financial standing to be able to fund its operations. Second, these bonds appear to be very specific to "energy costs" - fuel or power cost adjustments, purchased gas adjustment tracker rates, commodity tracker rate adjustments or purchased power tracker rates. In the end, the increased costs associated with COVID-19 are more specific to bad debt costs, labor and technology costs, and other non-energy related items. We don't believe such an instrument is necessary at this time, and further has proposed that any deferral be carried without interest. Finally, Avista would be open to a longer amortization period, if the final approved net deferral is of a significant nature.

DATED at Spokane, Washington, this 20th day of May 2020.

AVISTA CORPORATION

A handwritten signature in black ink, appearing to read "Patrick D. Ehrbar". The signature is written in a cursive style with a large initial "P".

By \_\_\_\_\_

Patrick Ehrbar  
Director of Regulatory Affairs  
Avista Corp

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 20<sup>th</sup> DAY OF MAY 2020, SERVED THE FOREGOING **COMMENTS OF AVISTA CORPORATION**, IN CASE NO. GNR-U-20-03, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

Diane Hanian, Secretary  
Idaho Public Utilities Commission  
11331 W. Chinden Blvd  
Building 8, Suite 201-A  
Boise, ID 83714  
[diane.hanian@puc.idaho.gov](mailto:diane.hanian@puc.idaho.gov)

FALLS WATER CO  
PRESTON N CARTER  
GIVENS PURSLEY  
601 W BANNOCK ST  
BOISE ID 83702  
E-MAIL: [prestoncarter@givenspursley.com](mailto:prestoncarter@givenspursley.com)  
[kendrah@givenspursley.com](mailto:kendrah@givenspursley.com)

GEM STATE WATER CO  
PRESTON N CARTER  
GIVENS PURSLEY  
601 W BANNOCK ST  
BOISE ID 83702  
E-MAIL: [prestoncarter@givenspursley.com](mailto:prestoncarter@givenspursley.com)  
[kendrah@givenspursley.com](mailto:kendrah@givenspursley.com)

ERIC W NELSON  
NW NATURAL  
220 NW 2<sup>ND</sup> AVE  
PORTLAND OR 97209  
E-MAIL: [eric.nelson@nwtatural.com](mailto:eric.nelson@nwtatural.com)

LISA NORDSRTON  
MATT LARKIN  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[mlarkin@idahopower.com](mailto:mlarkin@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

TED WESTON  
ROCKY MOUNTAIN POWER  
1407 W NORTH TEMPLE STE 330  
SALT LAKE CITY UT 84116  
E-MAIL: [Ted.weston@pacificorp.com](mailto:Ted.weston@pacificorp.com)  
[adam@mrg-law.com](mailto:adam@mrg-law.com)  
[Jacob.mcdermott@pacificorp.com](mailto:Jacob.mcdermott@pacificorp.com)  
[Emily.wegener@pacificorp.com](mailto:Emily.wegener@pacificorp.com)

BENJAMIN J OTTO  
ID CONSERVATION LEAGUE 710 N  
6<sup>TH</sup> STREET  
BOISE ID 83702  
E-MAIL: [botto@idahoconservation.org](mailto:botto@idahoconservation.org)

PETER RICAHRDSON  
RICHARDSON ADAMS PLLC  
515 N 27<sup>TH</sup> STREET  
BOISE ID 83702  
E-MAIL: [peter@richardsonadams.com](mailto:peter@richardsonadams.com)

DR DON READING  
6070 HILL ROAD  
BOISE ID 83702  
E-MAIL: [dreading@mindspring.com](mailto:dreading@mindspring.com)

CERTIFICATE OF SERVICE

RANDALL C BUDGE  
THOMAS J BUDGE  
RACINE OLSON PLLP  
PO BOX 1391  
POCATELLO ID 83204  
E-MAIL: [randy@racineolson.com](mailto:randy@racineolson.com)  
[tj@racineolson.com](mailto:tj@racineolson.com)

BRIAN COLLINS  
MAURICE BRUBAKER  
BRUBAKER & ASSOCATES  
16690 SWINGLEY RIDGE RD #140  
CHESTERFIELD MO 63017  
E-MAIL: [bcollins@consultbai.com](mailto:bcollins@consultbai.com)  
[mbrubaker@consultbai.com](mailto:mbrubaker@consultbai.com)

/s/ Paul Kimball

---

Paul Kimball  
Manager of Compliance & Discovery

CERTIFICATE OF SERVICE